Beef Sheep Feeder Costs

October, 2003

Estimates Based on 500 Head for 850 – 1400 lbs.

Livestock values in this document may be subject to change as the market responds to the BSE situation. However, it is important to base your decisions not only on market information, but also on the cost of production for your particular operation.

This guide is designed to provide you with planning information and a format for calculating costs of production of a cow calf enterprise. The production costs included in this enterprise budget are not intended as a cost study of the beef industry in Manitoba. Adjustments will be necessary when applying these figures to your own enterprise.

The budget estimates are based on a number of assumptions which are clearly defined in the supporting pages. Productivity and performance assumptions are based on data supplied by specialists as well as data collected from certain producers. Input costs are based on recommended practices and/or information obtained from producers. Good management is assumed in that a balanced ration is being fed, livestock are on a herd health program and handling facilities are included.

The guideline can be useful for comparison purposes. Comparison of costs at different levels of production can be made with other farms; the farm over time to track profits or losses; or comparing the plan with the actual production at the end of the planning period.

Disclaimer: This budget is only a guide and is not intended as an in depth study of the cost of production of the Manitoba cattle industry. Interpretation and utilization of this information is the responsibility of the user. If you require assistance with developing your individual budget, please contact your local MAF Farm Management Specialist or Livestock Specialist.

Beef Shortkeep Feeder Costs

October, 2003

Estimates Based on 500 Head for 850 – 1400 lbs.

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Shortkeep Cattle Production Cost Summary September, 2003

	Cost/Head	Total Cost	Your Cost
A. Operating Costs			
1. Feed Costs			
1.01 Ground Barley	196.25	98,125	
1.02 Barley Silage	26.38	13,190	
1.03 Supplement	14.95	7,475	
Total Feed Costs	**$237.58**	**$118,790**	
2. Other Operating Costs			
2.01 Feeder Cost	867.38	433,688	
2.02 Straw	5.50	2,750	
2.03 Veterinary Medicine & Supplies	10.90	5,450	
2.04 Annual Fuel & Repair Costs	4.66	2,332	
2.05 Utilities	3.60	1,800	
2.06 Marketing Costs	63.98	31,990	
2.07 Insurance	7.16	3,580	
2.08 Manure Removal	6.00	3,000	
2.09 Barn & Office Supplies	0.40	200	
2.10 Death Loss	5.03	2,513	
Subtotal Operating Costs	1,212.19	606,093	
2.11 Operating Interest	24.54	12,270	
Total Operating Costs	**$1,236.73**	**$618,363**	
B. Fixed Costs			
3. Depreciation			
3.01 Buildings	5.55	2,775	
3.02 Machinery & Equipment	12.00	6,000	
4. Investment			
4.01 Buildings	1.70	848	
4.02 Machinery & Equipment	2.25	1,125	
Total Fixed Costs	**$21.50**	**$10,748**	
Total Operating and Fixed Costs	**$1,258.23**	**$629,111**	
C. Labour	12.50	6,250	
Total Cost of Production	**$1,270.73**	**$635,361**	

Cost per lb of gain sold	**$/cwt**	
Feed Costs	$49.50	
Operating Costs	$80.57	
Operating & fixed	$85.05	
Total costs	$87.65	
Breakeven Selling Price		
Operating Costs	$92.99	
Operating & fixed	$94.60	
Total costs	$95.54	
Breakeven Purchase Price		
Operating Costs	$114.10	
Operating & fixed	$111.57	
Total costs	$110.10	

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Assumptions

1. Average daily gain (ADG) was assumed to be 3.5 lbs/day
2. It was assumed that the feeder steer weighed in at 850 lbs. shrunk weight, finish weight was estimated at 1400 lbs (1330 after 5 % shrink).
3. Days on feed:157days.
4. Investment in feedlot facilities and equipment was assumed to handle 500 head at a time.

Shortkeep Cattle Production Cost Worksheet

A. Operating Costs — Your Cost

1. Feed Costs

1.01 Ground Barley

				Your Cost
		157	days on grain	
	x	24.0	lbs/feeder/day	
	÷	48.00	lbs/bushel	
	x	$2.50	/bushel	
	=	**$196.25**	**/feeder**	

1.02 Silage

		157	days on silage	
	x	12.0	lbs/feeder/day	
	÷	2,000	lbs/ton	
	x	$28.00	/ton	
	=	**$26.38**	**/feeder**	

1.03 Supplement (Salt, Vitamins, Minerals, Ionophore)

		157	days on supplement	
	x	0.75	lbs/feeder/day	
	÷	2,000	lbs/ton	
	x	$254.00	/ton	
	=	**$14.95**	**/feeder**	

2. Other Operating Costs

2.01 Feeder Cattle Cost

Buying Commission		$6.75	/feeder	
Trucking-in		$1.25	/cwt	
	x	850	lbs/feeder	
	÷	100	lbs/cwt	
	=	$10.63	/feeder	

Feeder		850	lbs/feeder	
	x	$100.00	/cwt	
	÷	100	lbs/cwt	
	=	$850.00	/feeder	
Total	=	**$867.38**	**/feeder**	

2.02 Straw

		0.25	tons/feeder	
	x	$22.00	/ton	
	=	**$5.50**	**/feeder**	

2.03 Veterinary Medicine & Supplies

Cattle Medication

+	$0.64	Vitamins	
+	$5.00	Parasite control	
+	$0.63	Blackleg	
+	$1.61	Growth Implants	
+	$2.00	Antibiotics	
=	$9.88	/feeder	

Professional Services

	135.0	/hour charge	
x	2.0	hours	
÷	500	feeder cattle	
=	$0.54	/feeder	

Transportation

	$1.00	/km charge	
x	80	kilometers	
x	3	visits	
÷	500	feeder cattle	
=	0.48	/feeder	
Total	=	**$10.90**	**/feeder**

2.04 Annual Fuel & Repair Costs

	$832	repairs	
+	$1,500	fuel costs	
+	500	feeder cattle	
=	**$4.66**	**/feeder**	

2.05 Utilities

$1,800	/year	
÷ 500	feeder cattle	
= **$3.60**	**/feeder**	

2.06 Marketing & Transportation

Trucking		
700	miles	
x $3.00	/loaded mile	
÷ 38	head/load	
= $55.26	/feeder	
US Costs + $8.72	/feeder	
Total = **$63.98**	**/feeder**	

2.07 Insurance

$136,707	bldg & equip investment	
x $0.50	/$100 capital	
÷ 100	/$100	
÷ 500	feeder cattle	
= $1.37	/feeder	
$569,500	herd investment	
x $0.50	/$100 capital	
÷ 100	/$100	
÷ 500	feeder cattle	
= $5.70	/feeder	
$45.00	additional coverage for liability	
÷ 500	feeder cattle	
= $0.09	/feeder	
Total = **$7.16**	**/feeder**	

2.08 Manure Removal

$3,000	annual removal cost	
÷ 500	feeder cattle	
= **$6.00**	**/feeder**	

2.09 Barn & Office Supplies

$200.00	total barn expenses	
÷ 500	feeder cattle	
= **$0.40**	**/feeder**	

2.10 Death Loss

	$867.38	feeder cattle cost	
+	$1,143.18	maximum value	
+	2	average	
x	0.50	% mortality rate	
=	**$5.03**	**/feeder**	

2.11 Operating Interest

(Operating interest is charged on one half the subtotal operating costs)

	$867.38	feeder cost	
+	$169.89	½ of feed & other costs	
x	5.5	% operating interest	
x	157	days on feed	
+	365	days/year	
=	**$24.54**	**/feeder**	

Capital Costs

Buildings, Corrals & Water System		
Windbreak fence	$4,900	
Pens	$3,027	
Grain Bin	$3,000	
Handling Facilities	$4,000	
Waterers	$4,000	
Gates	$1,280	
Bunk Feeders	$23,000	
Well & Pressure System	$3,500	
Landscaping	$15,000	
Total	**$61,707**	
Machinery & Equipment		
Tractor & Loader	$50,000	
Miscellaneous	$25,000	
Total	**$75,000**	
Total Investment	**$136,707**	

B. Fixed Costs

3. Depreciation $\frac{\text{Original Cost - Salvage Value}}{\text{Useful Life}}$

3.01 Buildings

	$61,707	original cost	
-	$6,171	salvage value	
+	20	years useful life	
÷	500	feeder cattle	
=	**$5.55**	**/feeder**	

3.02 Machinery & Equipment

	$75,000	original cost	
-	$15,000	salvage value	
+	10	years useful life	
÷	500	feeder cattle	
=	**$12.00**	**/feeder**	

4. Investment **Original Cost + Salvage Value x Investment Rate**
2

4.01 Buildings

	$61,707	original cost	
+	$6,171	salvage value	
+	2	average	
x	2.5	% investment rate	
÷	500	feeder cattle	
=	**$1.70**	**/feeder**	

4.02 Machinery & Equipment

	$75,000	original cost	
+	$15,000	salvage value	
+	2	average	
x	2.5	% investment rate	
÷	500	feeder cattle	
=	**$2.25**	**/feeder**	

C. Labour

	1.3	hours/feeder	
x	$10.00	/hour	
=	**$12.50**	**/feeder**	

Breakeven Calculations

				Your Cost
Cost per lb of gain sold				
Feed Costs		$237.58	feed cost	
	+	480	weight gain	
	=	**$0.49**	**/lb gain sold**	
Operating Costs		$1,236.73	operating costs	
	-	$850.00	feeder cost	
	+	480	weight gain	
	=	**$0.81**	**/lb gain sold**	
Total Operating & Fixed Costs		$1,258.23	operating & fixed costs	
	-	$850.00	feeder cost	
	+	480	weight gain	
	=	**$0.85**	**/lb gain sold**	
Total Costs		$1,270.73	fixed costs	
	-	$850.00	feeder cost	
	+	480	weight gain	
	=	**$0.88**	**/lb gain sold**	
Breakeven selling price				
Operating Costs		$1,236.73	operating costs	
	+	1,330	lbs shrunk weight	
	=	**$0.93**	**/lb**	
Total Operating & Fixed Costs		$1,258.23	operating & fixed costs	
	+	1,330	lbs shrunk weight	
	=	**$0.95**	**/lb**	
Total Costs		$1,270.73	total costs	
	+	1,330	lbs shrunk weight	
	=	**$0.96**	**/lb**	
Breakeven purchase price				
Operating Costs		1,330	lbs shrunk weight	
	x	$102.00	$/cwt selling price	
	=	$1,356.60	income	
	-	$386.73	operating less feeder cost	
	±	850	lbs purchase weight	
	=	**$1.14**	**/lb**	

Operating & fixed cocsts		1,330	lbs shrunk weight	
	x	$102.00	$/cwt selling price	
	=	$1,356.60	income	
	-	$408.23	op & fixed less feeder cost	
	÷	850	lbs purchase weight	
	=	**$1.12**	**/lb**	
Total costs		1,330	lbs shrunk weight	
	x	$102.00	$/cwt selling price	
	=	$1,356.60	income	
	-	$420.73	total less feeder cost	
	÷	850	lbs purchase weight	
	=	**$1.10**	**/lb**	

For more information contact your local Manitoba Agriculture and Food Office.

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Short Keep Feedlot Facilities